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CENTRAL INTELLIGENCE GROUP  
INTELLIGENCE REPORT

COUNTRY China

DATE: 25X1A6a

INFO. [REDACTED]

SUBJECT Economic Information: Communist Financial  
Situation in Eastern Shantung

DIST. 25 October 1946

25X1A6a

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ORIGIN [REDACTED]

SUPPLEMENT

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1. The Communist 8th Route Army has strict control over currency in the occupied areas of Yantai (Chefoo) (121-24, 37-32), Weihaiwei (122-06, 37-31), and Jehnsien (119-56, 37-11).
2. During March and April the local gold bar rate was \$26,000 per ounce, Pohai currency. After Nationalist bombings in this area the rate increased to \$47,000 per ounce. The rate of exchange between the Communist Pohai dollar and the Manchukuo dollar is 1 to 1.33.
3. The Communists introduced a registration system whereby gold buyers had to be accredited members of the Commercial Association. When a buyer purchased gold, he also had to pay a registration fee. Each ten days thereafter he had to register and pay the fee again. This system prevented hoarding, and the rate per ounce dropped to \$32,000.
4. The Communist Government frequently put out large amounts of gold for buying and selling, and if it were not for interference by the Nationalist forces, the currency situation would be quite stable.

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This document is hereby regraded to  
 CONFIDENTIAL in accordance with the  
 letter of 16 October 1978 from the  
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